

## CDCI ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Kilmichael Bancorp, Inc.

Point of Contact:	Bertram S. Mortimer	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	1295	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	3,154,000	FDIC Certificate Number: (For Depository Institutions)	9775
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	September 03, 2010	City:	Kilmichael
Date Repaid <sup>1</sup> :	N/A	State:	Mississippi

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Since the receipt of our CDCI funds in Sept 2010, we have increased our loan portfolio by 34%, and opened an additional branch in an adjacent county. Without the additional CDCI capital, we would not have been able to achieve this growth.

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**X To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Since Sept 2010, our Commercial and Industrial loans have increased 9.4%, Consumer loans have increased 56.9%, Agriculture loans have increased 39.4%, Mortgage loans have increased 31.9%, and R/E Non-mortgage loans have increased 135%.

**X Increase securities purchased (ABS, MBS, etc.).**

Our total securities portfolio has increased 21.9% since the receipt of the CDCI capital, including a 108% increase in MBS, and a 37% increase in Agency Backed Securities.

**X Make other investments.**

Since the receipt of the CDCI capital, we have opened a branch in a nearby community where a large regional bank had closed a branch. Much of our growth can be attributed to this new branch.

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☐ Increase reserves for non-performing assets.

☐ Reduce borrowings.

☐ Increase charge-offs.

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☒ **Purchase another financial institution or purchase assets from another financial institution.**

The building where our new branch was opened was purchased from a large regional bank that had closed their branch in that location.

☐ **Held as non-leveraged increase to total capital.**

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**What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?**

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### What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Our bank was able to continue to grow and make loans because of the CDCI capital. Since receipt of the CDCI funds, our loans have increased 34% and our deposits have increased 26%.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.